

BUDGET LETTER

SUBJECT: PAST, CURRENT, AND BUDGET YEAR SCHEDULE 10s (SUPPLEMENTAL SCHEDULES OF APPROPRIATIONS)	NUMBER: 05-26
REFERENCES:	DATE ISSUED: September 7, 2005
	SUPERSEDES: BL 04-31

TO: Department Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

NOTE: After submission of initial past year Schedule 10s, each departmental Budget Officer will receive a copy of their past, current, and budget year Schedule 10s with a hard copy of this Budget Letter (BL). If departments have Capital Outlay appropriations, they will receive two packages: (1) Capital Outlay three-year Schedule 10s and (2) State Operations and Local Assistance three-year Schedule 10s.

A. GENERAL

Based on the receipt of past year Schedule 10s from departments, Department of Finance (Finance) anticipates distributing the three-year Schedule 10s beginning September 7 through October 3, 2005. Departments must update these Schedule 10s pursuant to the instructions contained in this BL. These updated Schedule 10s must be submitted to Finance prior to the first pass of spreadsheet galley in order to generate an Automated Detail of Appropriation and Adjustments Report (RWA), Summary of Program Requirements by Fund (SPR) Report and the Fund Condition Statement turnaround document. Departments should plan to submit their first pass of their spreadsheet galley to Finance no later than November 1, 2005, unless otherwise notified by their Finance analysts.

Automated RWA Process: As part of the automated RWA process, departments update their Schedule 10s and submit them to their Finance budget analyst **as often as necessary** prior to submitting their budget spreadsheet package. Finance processes the Schedule 10s and generates an automated RWA and SPR Report with each departmental Schedule 10s submission. Departments must use the rounded expenditure numbers in their latest version of the RWA Report to build and tie the other fiscal statements contained within their budget spreadsheet prior to submitting the budget spreadsheet package to Finance. Please refer to Attachment I for the RWA rounding rules.

Due to the new e-budget process, there will no longer be departments exempt from participating in the automated RWA process. If your department has Schedule 10s, you will be participating in the automated RWA process. Narrative only budgets that do not have Schedule 10s will not have an RWA; and therefore, will not participate in the automated RWA process.

B. INSTRUCTIONS APPLICABLE TO ALL THREE YEARS

1. In the 2006-07 Governor's Budget spreadsheet, all amounts must be rounded to and displayed in thousands. However, the past and current year Schedule 10s are displayed

in **whole dollars**. Budget year Schedule 10s will be rounded to the nearest thousand, but the three zeros **will not be dropped**.

After receipt of initial past year Schedule 10s from departments, Finance will:

- a. review, update, and print past year Schedule 10s;
 - b. print initial current year Schedule 10s with authorized dollars (but without expenditures) including carryover and reappropriated amounts reported on the past year Schedule 10s; and
 - c. print budget year Schedule 10s without dollars.
2. The appropriation type ("ATYPE") and its description are located in the upper right-hand corner of the Schedule 10 records. Attachment II describes the differences between carryovers and reappropriations.
 3. For each appropriation, departments must verify that all expenditure authorizations are correct. This includes the following:
 - a. Verify the "Character" (state operations, local assistance, capital outlay, or unclassified), fund, appropriation identification (if a non-Budget Act item, the three-digit reference number following the organization code should match State Controller's records), and the description immediately following the appropriation identification number;
 - b. Verify the "Initial Authorization" dollar amounts by program, category, or project as authorized in the Budget Act or other authority;
 - c. Verify the "Adjustments" by budget revision, executive order, etc., correcting erroneous data and/or adding further adjustments to the appropriate Schedule 10 record, as necessary. Do **not** use a DF-38 Schedule 10 Missing Record Report (see Section 6 for proper use of DF-38);
 - d. Post the dollar corrections made by any adjustments to the "Revised Appropriation Totals" by program, category, or project. Verify the "Authorized," "Expenditures," "Savings," and "Carryovers" amounts by the schedule detail; and
 - e. Verify the "Year of Completion" (YOC), i.e., the last year of availability for encumbrance for each schedule in the appropriation. For example:
 - If an appropriation is available through any point in time in Fiscal Year 2004-05, then the YOC = 04.
 - If an appropriation is available through any point in time in Fiscal Year 2005-06, then the YOC = 05.

The YOC is shown in the "Revised Appropriation Totals" section and to the left of the schedule amount in the "Authorized" column. Please be aware that **the YOC can vary between programs, categories, or projects within an item**.

4. Capital Outlay projects are to be coded pursuant to the coding structure outlined in SAM 6839, except departments using CALSTARS must not use 00 as the two digit code

to designate the program or element. The Schedule 10s should reflect the latest project codes that were created during preparation of the 2005-06 Governor's Budget. However, if the codes are incorrect, departments need to make appropriate changes on the Schedule 10s.

If you have any questions regarding Capital Outlay project codes, please contact your Finance Capital Outlay budget analyst.

5. Capital Outlay projects that have been approved to proceed to bid:

- If a Capital Outlay project is approved to proceed to bid, but a contract has not yet been awarded, show construction dollars as a **carryover**.
- If the contract has been awarded, show dollars as **expended**.
- If funding is transferred to the Architecture Revolving Fund, show dollars as expended.
- If funding was shown as expended on Schedule 10s for years prior to 2004-05, no change is necessary.

6. The Schedule 10 Missing Records Report, DF-38, Rev 6/00 (copy attached), will be used only in the event an appropriation is not reflected on a Schedule 10. In addition to the information requested on the top of the DF-38, departments must reflect the (1) Initial Authorization; (2) Adjustments; and (3) Revised Appropriation Totals including Expenditures, Savings, and Carryovers. Also, the YOC and title of programs, categories, or projects must be shown. (See Sample DF-38 attached.)

Place the DF-38s in the proper sequence; i.e., arrange all Schedule 10s and DF-38s in the same order as the appropriations appear in the RWA in the Governor's Budget. Place the correct page number on the attached DF-38, i.e., the page number of the preceding Schedule 10 followed by an "a," "b," etc., as appropriate. Also, on the Schedule 10s, do **not** duplicate any appropriations reported on DF-38s.

Please Note: With the implementation of the automated RWA process, it is not necessary for departments to manually update the Schedule 10 character and department summary totals. The Schedule 10 computer file will calculate these totals, which will be reflected on the updated Schedule 10s and the automated RWA Report.

A DF-38 must also be prepared for every chapter of legislation making a specific appropriation. Record the data on the DF-38 in one of two ways:

- a. In the bill, if the appropriation **augments an existing appropriation** (e.g., the bill reads "in augmentation of Item XXXX-XXX-XXXX, Budget Act of 20XX"), complete the DF-38 to create the appropriation record as follows:
 - (1) Following the "Initial Authorization," include an "Adjustment" on the DF-38 for the Chapter record which will read "Allocation to Item XXXX-XXX-XXXX, Budget Act of 20XX" with a minus dollar amount in the "authorized" column.
 - (2) Record the corresponding "plus adjustment" on the Schedule 10 for the Budget Act appropriation that is being augmented, e.g., "Allocation from Chapter X, Statutes of 20XX" with a plus dollar amount to the appropriate programs, categories, or projects in the "Authorized" column. (If the appropriation to be augmented is scheduled, a related Budget Revision (BR) must be processed to

provide the State Controller's Office (SCO) with the detail of the schedules to be augmented.)

- b. If the bill **does not include language augmenting an existing appropriation**, complete the DF-38 to create the appropriation record for the chapter. No "Adjustment" will be required as expenditures will be recorded against the bill's appropriation.

C. STATE MANDATE INSTRUCTIONS APPLICABLE TO ALL THREE YEARS

For **past year** mandate appropriations, show actual expenditures as reported by SCO.

D. INSTRUCTIONS APPLICABLE TO PAST YEAR

Actual expenditures reported by departments on the initial past year Schedule 10s are considered final and these expenditures must reflect the same dollar amounts reported to SCO in the year-end financial statements. No changes are to be recorded on these Schedule 10s except in the case of a material adjustment upon which agreement has been reached with SCO and Finance (Program Budget Manager and Financial Operations) that such an adjustment will be made. In this case, the adjustment and all subsequent changed totals must be clearly noted on the Schedule 10.

E. INSTRUCTIONS APPLICABLE TO CURRENT YEAR

1. Actual past year carryovers or reappropriations must be reflected on Schedule 10s. If no record exists for posting carryover dollars, create the carryover record by preparing a DF-38. Please note: The current year initial authorized dollars must match the past year carryover amount by schedule.
2. The department must record the estimated full year expenditures, savings, and carryovers in the "Revised Appropriation Totals" section.

F. INSTRUCTIONS APPLICABLE TO BUDGET YEAR

1. Budget year Schedule 10s are generated on the basis of current year expenditure authorizations, but without dollar amounts. These Schedule 10s include potential carryovers from the current year.
2. If a new appropriation or reappropriation record is to be created in the budget year, prepare a DF-38. **Do not** record the new appropriation on an existing Schedule 10 record by changing the item number, description, etc.
3. If an existing record on the Schedule 10 will not be used in the budget year, cross out the record. **Do not** tear out the page and throw it away. Financial Operations must delete these unnecessary records from the computer files.
4. For potential Capital Outlay budget year Budget Act appropriations, initial budget year Schedule 10s will not reflect the project detail from the corresponding current year Schedule 10s. The new budget year project detail must be added by departments. However, if the current year Schedule 10s reflect expenditure authority for projects available beyond the current year (YOC greater than current year), the budget year "Carryover" (ATYPE 3-0) Schedule 10 record will include these projects, but without dollar amounts.

Departments must enter proposed amounts by program, category, or project in the "Authorized" column and the total proposed expenditure amounts in the "Expenditures" column **in the Revised Appropriation Totals section only**. IT IS NOT NECESSARY TO REPEAT THE DATA IN THE INITIAL AUTHORIZATION SECTION.

5. All budget year amounts must be rounded to the nearest thousand with "000s" included. Current year to budget year carryover amounts will be rounded in this manner.

Please call Finance, Financial Operations at (916) 322-5540 (CNET 8-492-5540), if you have any questions.

/s/ Greg Rogers

Greg Rogers
Assistant Program Budget Manager

Attachments

Automated Detail of Appropriation and Adjustments Report (RWA) Rounding Rules

When this RWA Report process was introduced, a problem was identified which involved the **rounded** RWA Report expenditures versus the **rounded** expenditures reported in the other fiscal statements within the budget spreadsheet. Since the RWA Report rounded expenditure dollars **must** be used to tie to the dollars reported in the other fiscal statements in the department's budget spreadsheet, Finance is providing the rounding rules used for the RWA Report. These rules should assist departments in identifying where rounding problems may occur within the other fiscal statements in its spreadsheet.

The RWA Report program uses the standard rounding rules—five or more, round up; less than five, round down.

Like adjustments using the same authority within an item: Schedule 10 whole dollars are summed and the total is rounded and displayed on the appropriate adjustment line printed in the RWA Report.

For example, a department might process multiple budget revisions or executive orders notifying State Controller's Office to increase or decrease expenditure authority in an item pursuant to specific Budget Act provisional language. Each budget revision processed by the department is a separate adjustment in the Schedule 10s. However, the adjustments are displayed under one authority in the RWA. Therefore, pursuant to the RWA rounding rules, every Schedule 10 adjustment using the same provisional authority within that item is summed together, and the total of these adjustments rounded to thousands and displayed in the RWA under that authority.

Unique or individual adjustments with different authority: Separate authority outside the Budget Act, such as chaptered legislation, may increase or decrease a department's expenditure authority. This authority is displayed as one adjustment line in the RWA. In this situation, the RWA Report rounds the Schedule 10 whole dollars to thousands for this specific authority and displays those dollars for that authority in the RWA Report.

Total Expenditures: The RWA Report program sums all the rounded dollars displayed (by year, by fund, and by character) to calculate the "Total Expenditures".

Total Expenditures, All Funds (by character): The RWA Report program calculates this dollar amount by summing the rounded RWA Report Total Expenditures line for each fund for that character.

Total Expenditures, All Funds (State Operations and Local Assistance): This dollar amount is calculated by summing the State Operations and Local Assistance Total Expenditure lines.

Capital Outlay: The same RWA rounding rules apply for Capital Outlay.

Carryovers and Reappropriations

Carryover (ATYPE = 3)

This Schedule 10 record is for funds available for expenditure in the years following the initial year of appropriation (YOA), i.e., the year the appropriation is first authorized for expenditure.

Example:

Appropriation in legislation available for three years beginning in 2003-04:

<u>Year</u>	<u>Appropriation Name</u>	<u>ATYPE and Description</u>
1st Year: 2004-05	Chapter X, Statutes of 2004	2 = Financial Legislation
2nd Year: 2005-06	Chapter X, Statutes of 2004	3 = Carryover
3rd Year: 2006-07	Chapter X, Statutes of 2004	3 = Carryover

Reappropriation (ATYPE = 4)

This Schedule 10 record is for expenditure of funds authorized by a "reappropriation item" in the Budget Act, or as authorized in other legislation, following the initial appropriation (authorization) year.

Example:

<u>Year</u>	<u>Appropriation Name</u>	<u>ATYPE and Description</u>
1st Year: 2004-05	XXX Budget Act appropriation	1 = Budget Act Item
2nd Year: 2005-06	Item XXXX-XXX-XXXX/2004, as reappropriated by Item XXXX-490, Budget Act of 2005	4 = Reappropriation

STATE OF CALIFORNIA
SCHEDULE 10—MISSING RECORD REPORT
DF-38 (REV 06/00)

Department of Finance
915 - L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please use whole dollars.

DATE	PAGE OF REPORT	FISCAL YEAR	SPECIAL NOTE		
DEPARTMENT			FUND		
ITEM NUMBER			ITEM TITLE		
DOF CODE	CHARACTER—Select one <input type="checkbox"/> 1 State Operations <input type="checkbox"/> 3 Capital Outlay <input type="checkbox"/> 2 Local Assistance <input type="checkbox"/> 4 Unclassified		PROP 98—Select one <input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Z	PROP 98 POT	STATE MANDATES <input type="checkbox"/> YES <input type="checkbox"/> NO

- TYPE OF APPROPRIATION—Select one
- ☐ 1-0 Budget Act Item
☐ 1-2 Budget Act Loan (Non-Add)
☐ 1-5 Budget Act Expenditure Transfer
☐ 1-7 Budget Act Transfer (Non-Add)
☐ 2-0 Financial Legislation Appropriation
- ☐ 2-2 Financial Legislation Loan (Non-Add)
☐ 2-5 Financial Legislation Expenditure Transfer
☐ 2-7 Financial Legislation Transfer (Non-Add)
☐ 3-0 Carryover
☐ 3-2 Carryover Loan (Non-Add)
- ☐ 3-7 Carryover Transfer (Non-Add)
☐ 4-0 Reappropriation
☐ 5-0 Statutory (continuous) Appropriation
☐ Other

SCHEDULE NUMBER	SCHEDULE NAME <i>(Program, category or project title.)</i>	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS

STATE OF CALIFORNIA
SCHEDULE 10—MISSING RECORD REPORT
DF-38 (REV 06/00)

SAMPLE

Department of Finance
915 - L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please use whole dollars.

DATE (Date prepared)	PAGE OF REPORT 24a	FISCAL YEAR (Budget Year)	SPECIAL NOTE		
DEPARTMENT Health Services			FUND General Fund		
ITEM NUMBER 4260-601-0001			ITEM TITLE Pending Legislation (or Chapter XX, Statutes of XXXX)		
DOF CODE	CHARACTER—Select one <input type="checkbox"/> 1 State Operations <input type="checkbox"/> 3 Capital Outlay <input checked="" type="checkbox"/> 2 Local Assistance <input type="checkbox"/> 4 Unclassified		PROP 98—Select one <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> Z	PROP 98 POT	STATE MANDATES <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

- TYPE OF APPROPRIATION—Select one
- ☐ 1-0 Budget Act Item
☐ 1-2 Budget Act Loan (Non-Add)
☐ 1-5 Budget Act Expenditure Transfer
☐ 1-7 Budget Act Transfer (Non-Add)
☒ 2-0 Financial Legislation Appropriation
- ☐ 2-2 Financial Legislation Loan (Non-Add)
☐ 2-5 Financial Legislation Expenditure Transfer
☐ 2-7 Financial Legislation Transfer (Non-Add)
☐ 3-0 Carryover
☐ 3-2 Carryover Loan (Non-Add)
- ☐ 3-7 Carryover Transfer (Non-Add)
☐ 4-0 Reappropriation
☐ 5-0 Statutory (continuous) Appropriation
☐ Other

SCHEDULE NUMBER	SCHEDULE NAME (Program, category or project title.)	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS
	Unscheduled	06	5,600,000	5,600,000		